



**providing multi-channel
distribution solutions to the
financial services industry**



Richard Stevenson, Chief Executive said:

“The difficulties in the UK financial services market have had an impact on our business in the short term, however, we have begun to see significant new business wins and have a strong pipeline for the future as confidence returns to our customer base. The decline in revenue in the first half was a result of the timing of securing certain contracts, and as the pipeline converts the Board remains confident that we will meet full year expectations for both revenue and profit.

The further investment we have made into our products, training services and delivery processes means we are uniquely placed to help regulated organisations with all aspects of their multi-channel distribution projects and to assist them with meeting increasingly stringent compliance requirements.”



contents

1. highlights 2. chairman’s statement 4. consolidated income statement 5. consolidated statement of comprehensive income
6. consolidated statement of changes in equity 7. consolidated balance sheet 8. consolidated cash flow statement 9. notes to
the interim financial statements 11. directors, advisors and shareholder information

highlights

financial highlights

- total revenues £4.30 million (H1 2008: £4.90 million)
- operating profit before exceptional items £0.27 million (H1 2008: £0.76 million)
- EBITDA before exceptional costs £0.55 million (H1 2008: £0.86 million)
- operating profit £0.04 million (H1 2008: £0.65 million)
- profit before tax £0.15 million (H1 2008: £0.74 million)
- basic earnings per share 1.30 pence (H1 2008: 1.69 pence)
- cash outflow from operating activities of £0.31 million (H1 2008: inflow of £1.74 million)
- cash balances £2.51 million (H1 2008: £2.29 million) and debt free

operational highlights

- partnership agreement signed with Mastek in July 2009, the global software solutions specialist for the Insurance and Government vertical markets
- appointment of Ron Whatford to Board of Directors on 24 June 2009

since period end

- further contract wins since the period end include a contract worth approximately £2 million over 5 years with Tenet Group, one of the UK's largest independently owned IFA groups
- US Patent granted to enable entry into the strategically important US market

chairman's statement

business review

I am pleased to report a first half year operating profit before exceptional costs of £0.27m despite a delay in the timing of securing certain contracts, which led to a reduction in sales revenues. The difficulties in the UK financial services market have had an impact on our business in the short term; however, focus:360°, our market leading product suite, continues to lead the market for large-scale, multi-channel distribution projects, as evidenced by our recent contract win with Tenet Group.

The Tenet contract, expected to be worth £2 million over 5 years, not only sees focus:360° being rolled out to over 1,200 advisers, but also incorporates a significant proportion of the value being delivered through transactional revenues. This is the largest contract to date for focus:360°, based on this revenue model, and is fully aligned with the Group's strategy of delivering greater recurring revenues from an increased customer base.

In July, the Group signed an agreement with Mastek, the global software solutions specialist for the Insurance and Government vertical markets, to provide a combined front and back-office solution to the global insurance market. Through this partnership, Mastek will integrate focus:360° life & pension extranet, our multi-channel e-commerce platform, into the latest version of their market leading policy administration software, Elixir 4. This partnership is a great endorsement for Focus, with an organisation the size and scale of Mastek selecting our focus:360° life & pension extranet to front end the latest version of their policy administration platform.

TestMeOnline and our training services offered through our Group company, The Coaching Platform, are seeing increased demand from all regulated firms as the requirement to obtain increased professional qualifications as part of the Retail Distribution Review ('RDR') gathers momentum. Over the last few months we have rolled out training programmes to Sesame to assist them with achieving Level 4 accreditation and we are confident in seeing more requirements for similar programmes in this area.

In November we received confirmation of the grant of a patent by the US Patent and Trademark Office in respect of electronic forms and data verification. Through achieving this patent, the Group is clearly demonstrating and protecting its Intellectual Property Rights, and opening up a sizeable and strategically important geographical market for Focus.

financial review

Group revenues in the first half of the year were down 12% over the same period last year at £4.30 million (H1 2008: £4.90 million). This is a result of the timing of securing certain contracts, and the Board remains confident of achieving both revenue and profit expectations for the full year. Operating profit before exceptional costs totalled £0.27 million for the period. Gross margins fell from 53% in the last full year to 47% in the first half of this year, due to the timing of new contract wins and limited licence revenues. During the period the Group restructured the product delivery organisation, terminated an onerous contract with an outsource partner and provided against the costs of an onerous

supplier contract. Further actions to reduce costs were implemented towards the end of the first half, the benefits of which will be fully seen in the second half.

Cash balances at the end of the period were £2.51 million (H1 2008: £2.29 million; 31 March 2009: £4.0 million). Cash outflow from operating activities in the first half amounted to £0.31 million (H1 2008: £1.74 million used in operating activities). Overdraft facilities totalling £0.75 million (H1 2008: £0.75 million) are available to us from our bankers, HSBC plc. The business is expected to be cash generative in the second half. The Directors continually review the funding requirements for the Group and will ensure that the continued development of the business is properly funded.

Earnings per share were 1.30 pence per share compared to 1.69 pence per share in the same period last year.

During the period, the Company successfully applied to the court for the cancellation of its share premium account, thereby creating distributable reserves. This will allow the company to pay a dividend to shareholders in the future. However, the Directors are not recommending the payment of an interim dividend at this time (H1 2008: £nil), and will reassess this when the general economic situation stabilises.

outlook

We continue to invest heavily in our focus:360° product suite and have recently added a new holistic financial planning capability and a new remuneration management module to further enhance the solution. The pipeline for focus:360° remains strong and we are in a robust position to win further business in the second half of the year.

In June of this year we welcomed Ron Whatford as a Non-Executive Director, and his extensive experience, gained from numerous senior executive roles in the retail banking sector, has already seen us engage at a senior level across several banks. We will continue to benefit from Ron's expertise to drive our focus:enterprise proposition, a unique process to assist global retail banks with multi-channel product distribution and wealth management transformation programmes.

The decision to focus on growing longer term, recurring licence and transactional revenues from an expanded customer base remains a strategic objective moving forward, and our Tenet deal was the largest transactional revenue based contract we have achieved to date. We will continue to contract with our customers using this model.

In addition to focusing our sales efforts on the UK and Irish markets, we will continue with our objective to generate opportunities in regions outside of the UK, through strategic partnerships and the promotion of our focus:360° wealth management product.

We believe that regulation, in particular the RDR, will continue to be a major driver in the industry. The RDR is driving financial services organisations to implement and further develop technology and training solutions and we believe that our in-depth understanding of both their business and technical processes positions us well to support these blue-chip organisations in achieving compliance with the rapidly evolving regulation.

Through our well defined propositions and products, coupled with our unrivalled expertise, sophisticated training solutions and tried and trusted delivery processes we are well placed to pursue our defined strategies in the second half of the year, and achieve our forecasted results for the full year.



Alastair M Taylor

Chairman

¹ The Retail Distribution Review ("RDR")

In June 2009, the Financial Services Authority ("FSA") published a discussion paper on the RDR, setting out the FSA's proposals for the new distribution landscape which included new definitions to the delivery of "independent advice", "restricted advice", and "execution only" channels. It also defined a move towards fee based models for financial advisers. The RDR will have far ranging implications for financial advice firms, bancassurers, IFA networks, pension, protection, investment and mortgage providers and any other distributors of financial services products in the UK.

consolidated income statement

for the six months ended 30 September 2009

	Unaudited Six months to 30 September 2009 £000	Unaudited Six months to 30 September 2008 £000	Audited Year ended 31 March 2009 £000
Revenue	4,295	4,895	9,601
Cost of sales	(2,288)	(2,450)	(4,477)
Gross profit	2,007	2,445	5,124
Operating expenses			
Distribution costs	(618)	(472)	(1,075)
Administrative expenses	(1,348)	(1,323)	(2,449)
Operating profit	41	650	1,600
Operating profit before exceptional costs	265	757	1,706
Exceptional costs	(224)	(107)	(106)
Operating profit	41	650	1,600
Finance income	110	91	177
Profit before income tax	151	741	1,777
Income tax	(235)	(243)	(54)
Profit for the period attributable to equity share-holders	386	498	1,723
Earnings per share	Pence per share	Pence per share	Pence per share
Basic earnings per share	1.30	1.69	5.85
Diluted earnings per share	1.17	1.52	5.26
Adjusted earnings per share (pre exceptional costs)	2.05	2.05	6.21

All the above figures relate to the Group's continuing operations.

consolidated statement of comprehensive income

for the six months ended 30 September 2009

	Unaudited Six months to 30 September 2009 £000	Unaudited Six months to 30 September 2008 £000	Audited Year ended 31 March 2009 £000
Profit for the period	386	498	1,723
Total comprehensive income for the period	386	498	1,723
Attributable to: Equity shareholders	386	498	1,723

consolidated statement of changes in equity

for the six months ended 30 September 2009

	Unaudited Six months to 30 September 2009 £000	Unaudited Six months to 30 September 2008 £000	Audited Year ended 31 March 2009 £000
Profit for the financial year	386	498	1,723
New equity issued	33	-	2
Reserve for employee share option scheme	36	107	106
Opening shareholders' equity	7,972	6,141	6,141
Closing shareholders' equity	8,427	6,746	7,972

All the above figures relate to the Group's continuing operations.

consolidated balance sheet

for the six months ended 30 September 2009

	Unaudited Six months to 30 September 2009 £000	Unaudited Six months to 30 September 2008 £000	Audited Year ended 31 March 2009 £000
Assets			
Non current assets			
Property, plant and equipment	178	209	202
Intangible assets	3,041	1,136	2,083
Trade and other receivables	689	719	345
Deferred income tax assets	1,208	783	972
	5,116	2,847	3,602
Current assets			
Trade and other receivables	3,314	3,966	2,669
Cash and cash equivalents	2,508	2,288	4,004
	5,822	6,254	6,673
Total assets	10,938	9,101	10,275
Current liabilities			
Trade and other payables	2,032	1,451	1,500
Current tax liabilities	479	904	647
Total current liabilities	2,511	2,355	2,147
Total assets less current liabilities	8,427	6,746	8,128
Non-current liabilities			
Contingent consideration	-	-	156
	-	-	156
Net assets	8,427	6,746	7,972
Capital and reserves attributable to equity holders of the company			
Called up share capital			
Share premium	2,963	2,946	2,947
Merger reserve	1,451	9,899	9,900
Share option reserve	220	220	220
Special reserve	292	256	255
Retained earnings	8,465	-	-
	(4,964)	(6,576)	(5,350)
Total shareholders' equity	8,427	6,746	7,972

consolidated cash flow statement

for the six months ended 30 September 2009

	Unaudited Six months to 30 September 2009 £000	Unaudited Six months to 30 September 2008 £000	Audited Year ended 31 March 2009 £000
Cash (absorbed) / generated from operations	(418)	1,652	4,186
Net finance income	110	91	177
Net cash from operating activities	(308)	1,743	4,366
Investing activities			
Acquisition of subsidiary	-	-	(105)
Purchases of intangible assets	(1,209)	(431)	(1,194)
Purchases of property, plant and equipment	(12)	(51)	(93)
Disposal of property, plant and equipment	-	-	1
Net cash used in investing activities	(1,221)	(482)	(1,391)
Financing activities			
Issue of ordinary shares	33	-	2
Net cash from financing activities	33	-	2
Net (decrease) / increase in cash and cash equivalents	(1,496)	1,261	2,977
Cash and cash equivalents at start of the period	4,004	1,027	1,027
Cash and cash equivalents at end of the period	2,508	2,288	4,004

notes to the interim financial statements

for the six months ended 30 September 2009

1. basis of preparation

The financial information set out in this interim financial statement for the six months to 30 September 2009 has been prepared under accounting standards adopted for use in the European Union (International Financial Reporting standards (IFRS)), and on the basis of the accounting policies set out in the statutory accounts of the Group for the year ended 31 March 2009, except for the adoption of IAS1 (revised). The report is not prepared in accordance with IAS34, "Interim financial reporting" which is currently not mandatory for AIM listed companies. The interim statement has not been audited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2009, which have been prepared in accordance with IFRS, as adopted for use in the European Union. Statutory accounts for Focus Solutions Group plc for the year ended 31 March 2009, on which the auditors gave an unqualified opinion, have been delivered to the Registrar of Companies.

2. segment information

The chief operating decision-maker has been identified as the Board of Directors. The Board reviews the Group's internal reporting in order to assess business performance and allocate resources. The business is viewed as one unit, in terms of both geography and product, and the internal reporting reflects this. Therefore, the Directors do not believe that segment disclosures are required.

3. exceptional items

As stated in the Group's accounting policies, the Directors regard certain material items as exceptional.

The analysis of exceptional items, classified as administrative expenses, is as follows.

	Unaudited Six months to 30 September 2009 £000	Unaudited Six months to 30 September 2008 £000	Audited Year ended 31 March 2009 £000
Re-organisation costs	92	-	-
Onerous contracts	96		
Cost of employee share option schemes	36	107	106
	224	107	106

During the period, the Group terminated an onerous contract with an offshore supplier of resource following a restructure of our software delivery organisation. We have also provided against the costs of a contract with a supplier of third party software which was re-sold to a customer which went into administration in the period.

4. income tax

	Unaudited Six months to 30 September 2009 £000	Unaudited Six months to 30 September 2008 £000	Audited Year ended 31 March 2009 £000
Current tax	-	-	-
Deferred tax credit/(charge)	235	(243)	(54)

The Directors are confident that the group will achieve future profitability in line with the current business plan, and therefore a deferred tax asset of £1,208,000 has been recognised in the balance sheet at 30 September 2009 (31 March 2009: £972,000).

5. earnings per ordinary share

Basic earnings per ordinary share is based on the profit for the period and on 29,548,747 (September 2008: 29,461,152; March 2009: 29,462,933) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

Diluted basic earnings per ordinary share is based on the profit for the period and on 32,866,602 (September 2008: 32,684,451; March 2009: 32,740,597) ordinary shares, being the weighted average number of ordinary shares which would have been issued if the outstanding options to acquire shares in the Group had been exercised at the average price during the period.

Adjusted basic earnings per ordinary share is based on the profit for the period, excluding exceptional costs, and on 29,548,747 (September 2008: 29,461,152; March 2009: 29,462,933) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

directors, advisors and shareholder information

directors

A M Taylor, Non-Executive Chairman
R J Stevenson, Chief Executive
M J Clements ACA, Finance Director
F Murray, Chief Technology Officer
M G Fiennes, Non-Executive Director
N J Habgood, Non-Executive Director
J B Streets Non-Executive Director
R Whatford Non-Executive Director

secretary

M J Clements ACA

nominated advisor and broker

Daniel Stewart

registrars

Capita Registrars

solicitors

Wragge & Co LLP
Hammonds
Harrison Clark

principal bankers

HSBC plc

independent auditors

PricewaterhouseCoopers LLP

registered address

Cranford House
Kenilworth Road
Leamington Spa
Warwickshire
CV32 6RQ

website

www.focus-solutions.co.uk

stock exchange symbol

fsg

important notice

Certain statements in this interim report are forward looking. Although the group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. By their nature, these statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. The group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise. Accordingly, undue reliance should not be placed on forward looking statements.



focus solutions group plc

cranford house, kenilworth road, leamington spa, warwickshire, cv32 6rq, united kingdom

f. +44 (0)1926 468300 **f.** +44 (0)1926 468400

w. www.focus-solutions.co.uk

